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DEPT FOR AF/E
TREASURY FOR VIRGINIA BRANDON
USAID FOR EGAT JIM HESTER AND AFR/EA JULIA ESCALONA

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SUBJECT: KENYA: POSITIVE RESPONSE TO TFCA

REF: STATE 146116

Sensitive-but-unclassified. Not for release outside USG channels.

¶1. (SBU) Senior Mission officials met October 31 with Kenya Finance Ministry Permanent Secretary (PS) Mr. Joseph Kinyua and senior Ministry officials to present the points conveyed in reftel on Kenya's possible participation in a debt relief program under the Tropical Forest Conservation Act (TFCA).

¶2. (SBU) PS Kinyua's response was unequivocally positive. He said such a program fit perfectly with Government of Kenya (GOK) efforts to conserve forests and related water resources. He also noted that Kenya enjoys an arrangement similar to TFCA with Italy under which it pays into a local fund used for development grants in exchange for debt reduction. PS Kinyua pledged to take immediate action in drafting a letter to the U.S. Treasury expressing interest in the program.

¶3. (SBU) Mission officers suggested that perhaps Finance Minister Amos Kimunya could hand such a letter to U.S. Treasury Secretary Paulson when the two meet in mid-November in Dar es Salaam. PS Kinyua noted that Minister Kimunya will be unable to travel to Dar because the dates conflict with the political party nomination process in Kenya (Kimunya is a standing member of Parliament and is up for re-election). He said he would likely attend the event in Dar in Kimunya's place, but that he wanted to convey a letter of interest to us even before his trip there.

¶4. (SBU) Mission will follow up with PS Kinyua and his colleagues in the days ahead, but we feel confident that the GOK will shortly convey an expression of interest in TFCA, thus allowing Washington agencies to begin a formal review of Kenya's eligibility.
Ranneberger